



17 February 2020

To: Senate Standing Committees on Community Affairs

Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

Thank you for the opportunity to provide a brief response to this inquiry. We wish to highlight our main concerns about the reforms to income reporting that will be implemented with this legislation, particularly in relation to the need to safeguard the human and social rights of underemployed workers who maintain eligibility to receive income support payments from the Australian government. We note that changes will affect Parenting Payment recipients, DSP recipients and those in receipt of other welfare payments affected by income earnings.

While we support the idea of making income support reporting simpler, the recent experience with Robodebt offers salient warnings about the harms that arise when the algorithms that inform income imputations do not reflect the reality of variable income many underemployed workers experience. There is a growing army of underemployed workers evident in the growth of insecure and poorly remunerated work. This group is vulnerable to vast income disparities as income varies from week to week and seasonally. This group is also often in and out of casual employment, or may hold several casual jobs meaning that they report income for multiple employers. The proposed changes greatly expose this group to the risks of automated decision making, discrepant reporting periods between employers and Centrelink reporting dates.

The bill and explanatory memorandum are lengthy and complex. There has been no public consultation or information provided in lay terms that would help to clarify the intent or processes associated with the reforms. **The AUWU recommends that such a consultation process occur prior to the Senate approving the bill to avoid unintended consequences such as those associated with Robodebt.**

Given the limited time that has been available to examine the proposed changes, the AUWU highlights the following concerns we believe need to be addressed in the design stages of the data matching technology. The concerns include the need to:

- ensure systems for error rectification for both employers and underemployed workers are easy to access and do not result in payment delays
- ensure smooth integration with existing mygov apps for income and mutual obligation reporting
- ensure payment reporting dates and the real time capture of the data are aligned

We ask the committee to consider how scenarios involving discrepant reporting between the employer and the worker and how a worker would resolve this without disruption to payments that might be needed to pay essentials such as rent.

The second broad area of concern relates to unintentional payment delays that might arise because of IT failures. The AUWU believe delays in payments cause real distress to unemployed workers and measures need to be implemented to ensure that payment suspensions do not arise because of failed synchronisation or reporting discrepancies.

There is also a need to ensure the programming accurately handles the data load etc to ensure it does not fail at last minute leaving underemployed workers without pay.

These concerns underscore our **recommendation that the proposed income reporting reforms undergo rigorous testing with underemployed workers. We also recommend the need for rigorous testing against of the income reporting concepts against Social Security entitlements with experts in the relevant laws.**

A third area of concern is about the interaction between the income estimates and family tax benefit (FTB). FTB is usually calculated for overall earnings in the financial year and submitted to Services Australia as an income estimate, which is reconciled at the end of the tax year. It is unclear why the legislation would rope-in FTB payments because safeguards for overpayment are already in place. Further, fortnightly earnings can be highly variable, so that imputation of earnings from one fortnight to the next may adversely impact FTB payment rates for the remainder of the financial year. It should also be noted that false imputations may also affect child support payments.

As this provision would adversely affect single parent families already struggling on low incomes and Newstart payments, the **AUWU recommends this aspect of the bill be subject to further scrutiny and elaboration of how the fortnightly benefit calculation will affect the payment for the entire taxation year.**

#### **About the AUWU**

The Australian Unemployed Workers Union (AUWU) is a national, volunteer organisation dedicated to advocating for and protecting the rights of unemployed, underemployed, unwaged workers', and all recipients of Social Security payments. The AUWU currently has over 15,000 members across every state and has no political affiliations.

The AUWU is run entirely by volunteers. The AUWU has extensive experience assisting, not only unemployed, underemployed, and unwaged workers<sup>1</sup> within the jobactive system, but all the other categories of recipients of Social Security System payments. The AUWU has developed a national operating structure where we take pride in the altruism, qualifications and expertise of our committed volunteers.

Our membership has been steadily growing along with our social media presence, and we are the strong and recognised voice representing the interest of unemployed workers' in social policy and debate. Our empathy with the lived experience of the everyday suffering of unemployed workers makes us uniquely positioned to speak with authority on the matters

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This submission was prepared by Dr Simone Casey on behalf of the AUWU.